

14 January 1952

ITEMS FOR DISCUSSION AT AD MEETING

1. Procurement

Among the support activities of the Central Intelligence Agency, of course, is that of procurement, storing and distributing the supplies and equipment for both overt and covert activities. In the past 15 months, this has become increasingly a matter of filling materiel requirements for the operating offices, but we have had many and heavy demands as well from other offices.

Now during the next year in the U. S., materiel shortages will increase and allocation programs enlarge. Supplies and equipment will become harder and harder to get, and yet our needs will become larger and larger.

Therefore, if we're going to have the right thing at the right time, we will have to stockpile it.

This means planning well in advance of the use of any item and even further advance coordination on the part of all Offices.

I mention this problem so that the operating and intelligence offices can realize that CIA, like any other Governmental agency, is subject to those circumstances which govern the national welfare. Shortages and our increasing need for materials that soon will be allocated mean that there is an absolute necessity for the support side to know Office needs well ahead of time.

2. Finance

With the present necessary expansion of the Agency, it becomes increasingly important that those persons authorized to obligate and expend funds take appropriate precautionary measures to assure, in each instance, that the expenditures contemplated are necessary to fulfillment of the Agency's objectives; are in accordance with established Agency policies and procedures; and are consistent with the amount and purpose of funds allocated.

There are two mechanisms, as you know, for the basic allotment of funds to various Agency purposes. The first is the budget, which covers and outlines the use of money appropriated by Congress. The second is the PRC, which reviews all area or activity projects when they involve deviations from the detailed budget presentation or when the budget describes allocations under broad, general authorizations without specific supporting project details.

38

22

-2-

Now, the Offices concerned are responsible for limiting obligations and expenditures to the amounts allocated in the budget and for assuring that all obligations and expenditures are consistent with the amount and purpose of funds allotted. I think that the AD's might want to review that the employees to whom they delegate responsibility for the obligation and expenditure of funds do, in fact, understand the necessity for conforming with the original budget commitment, and that they administer those funds in accordance with established policies and procedures.

This point is particularly important with respect to unvouchered funds, a good portion of the expenditure of which is approved by PRC. Congress, as you know, has authorized the Agency to account for funds by a certificate from the Director to the effect that funds have been properly spent for the public benefit. This makes the Director personally responsible for the propriety of all such unvouchered expenditures--a responsibility he may neither delegate nor avoid, and in which he needs the maximum protection.